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PENTARCH

General Tariff Review Inquiry,
Productivity Commission,
Belconnen,
ACT 2616

10th April 2000

Attention : Ms Claudia Leslie

Dear Ms Leslie,

Following is a brief submission relating to our limited contact with the tariff system

Yours faithfully,



A. Brian Scott

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TARIFFS – 5%, 3% AND CONCESSIONS

This submission relates to –

- (a) the application of tariffs at the 5% level to imported capital equipment;
- (b) the inability to now obtain a (zero) concession in relation to that equipment; and
- (c) the revoking of existing concessions without notification to the holder of the concession.

The above relates to imported equipment for which no equivalent is manufactured in Australia.

This company has held a tariff concession in respect of continuous casting machines with a capacity of up to 250 kg/hr since 1985.

In 1993 application was made to extend this concession to cover machines with a capacity of up to 900 kg/hr. This also was approved and so worded that it covered the range of machines from the smallest up to the limit at that time of 900 kg/hr.

Subsequent imports all fell within the smaller category until recently when a small business ordered a large machine costing \$2m. At this point it was revealed that all previous imports had been brought into Australia under the original concession, that the 1993 concession had been revoked due to non-use and our customer was faced with an unexpected tariff of \$100,000.

We have now been advised that any tariff concession for which we now apply can only be obtained at the 3% level. This would leave the situation whereby the smaller machines would be tariff free while the larger machines would have a tariff of 3% imposed.

There is a number of points to be made from the above –

1. The inability at this time to obtain a zero concession in relation to capital equipment for which there is no Australian equivalent, represents an unjustifiable imposition on small business. It is in effect a tax upon progressive segments of industry which are attempting to reduce their costs, to enter new markets, including export markets, and acquiring high technology equipment to achieve these aims.
2. The revoking of a concession by notification only in the Commonwealth Gazette, albeit under an approved process, without advice to the holder of the concession in question appears to be a very dubious process. This company held one concession (or so we

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believed, since the second concession embraced the first) and the Gazette does not represent every day reading for organisations such as ourselves.

3. The revoking of a concession after only two years of non-use does not reveal a great understanding of industry when it comes to investment in high cost equipment. It would not be surprising for a concession relating to equipment which could cost up to several million dollars to remain unused for ten years or so, particularly when the prevailing environment was not conducive to such investments.

It is our opinion that –

- (a) such goods should be capable of importation at free rate as the imposed tariffs represent a further on cost to industry and act as a deterrent to investment and gains in efficiency; and
- (b) The justification for imposition of a tariff to goods which do not compete with local products should be investigated.



A. Brian Scott
Company Secretary